

RESOLUTION _____, SERIES 2009

**A RESOLUTION REQUESTING THE UNITED STATES CONGRESS TO
ENACT LEGISLATION TO ADDRESS NATIONWIDE FINANCIAL
PROBLEMS WITH HOME MORTGAGES.**

Sponsored By: Councilman Dan Johnson

WHEREAS, the financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States requires bold action; and

WHEREAS, millions of American citizens are threatened with foreclosure and loss of their homes; and

WHEREAS, this financial crisis is now threatening the integrity of our mortgage banking system as typified by the failure of mortgage bankers and the loss in value of FHLMC and FNMA Stock; and such a collapse would and drastically undermine the economic stability of our states and cities; and

WHEREAS, in a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners; for example in April, 1933 he introduced legislation as a “declaration of national policy...that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability...”

**THEREFORE, BE IT RESOLVED BY THE LEGISLATIVE COUNCIL, OF THE
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT (THE COUNCIL) AS
FOLLOWS:**

SECTION 1: That the Louisville Metro Council hereby encourages the passage of a Homeowners and Bank Protection Act with provisions enumerated below. This crisis is such that it requires action by State and Federal regulations and legislators to keep people in their homes and to prevent future abuses of consumers by mortgage brokers and originators. We recommend the HBP Act includes the following provisions:

1. Federal regulators should be required to implement new rules to protect consumers against abuse by unscrupulous mortgage brokers and originators including appropriate criminal penalties for violation of rules.
2. State regulators should be required to create an oversight and examination process to test the lending practices of mortgage brokers and originators not currently regulated by the Federal Reserve, the FDIC or the Comptroller of the Currency.
3. Any financial institution holding sub-prime loans in their portfolios should be required to report those loans for their primary regulation and to agree to “short sales” that allow homeowners/borrowers to retire their mortgage debt based on the value of the underlying collateral without penalty.

4. Investors in mortgages that securitize and sell mortgage-backed securities should be prohibited from the sale of mortgage pools comprising loans to borrowers whose loan to value exceed 90% or who carry a credit score under 600.

SECTION II: That a copy of this resolution shall be forwarded to members of Congress and the Kentucky State Legislature from Louisville and also be delivered to the President of the United States and the Governor of Kentucky for immediate implementation.

Kathleen J. Herron, Metro Council Clerk

David W. Tandy,
President of the Council

Jerry E. Abramson, Mayor

Approval Date

APPROVED AS TO FORM AND LEGALITY:

Michael J. O'Connell
Jefferson County Attorney

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